Project Tracking No.: P-051-FY03-DRF

Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

SECTION I: PROPOSAL

Date: June 15,2001

Agency Name: Iowa Department of Revenue and Finance

Project Name: Electronic Tax Administration

Expenditure Name:

Agency Manager: Richard Jacobs

Agency Manager Phone Number / E-mail: 515.281-3488 Richard.Jacobs@idrf.state.ia.us

Executive Sponsor (Agency Director or Designee): Gerald D.Bair, Director

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure required by State statute? ☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Department is providing e-services as alternative to existing paper methods of filing and remitting taxes thus requirements while not specific to e-services do exist.

Does this project or expenditure meet a health, safety or security requirement?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: The proposal directly supports the department's efforts to obtain necessary efficiencies in its operating budget which are necessary as the result of reductions in funding. The agency believes the savings achieved through its Electronic Tax Adminstration program are critical to insure that service levels provided by the agency will continue. The projects outlined directly contribute to Governor Vilsack's vision that Iowa government will continue to strive to reconnect Iowans by providing all services electronically by 2003.

Is this a "research and development" project or expenditure? ☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: To the extent that IDRF continues to strive to be on the "cutting edge" in delivery of transactional services via e-service delivery, the use of certain technologies will continue to require that the agency use research and development or "pilot projects" to test certain technologies.

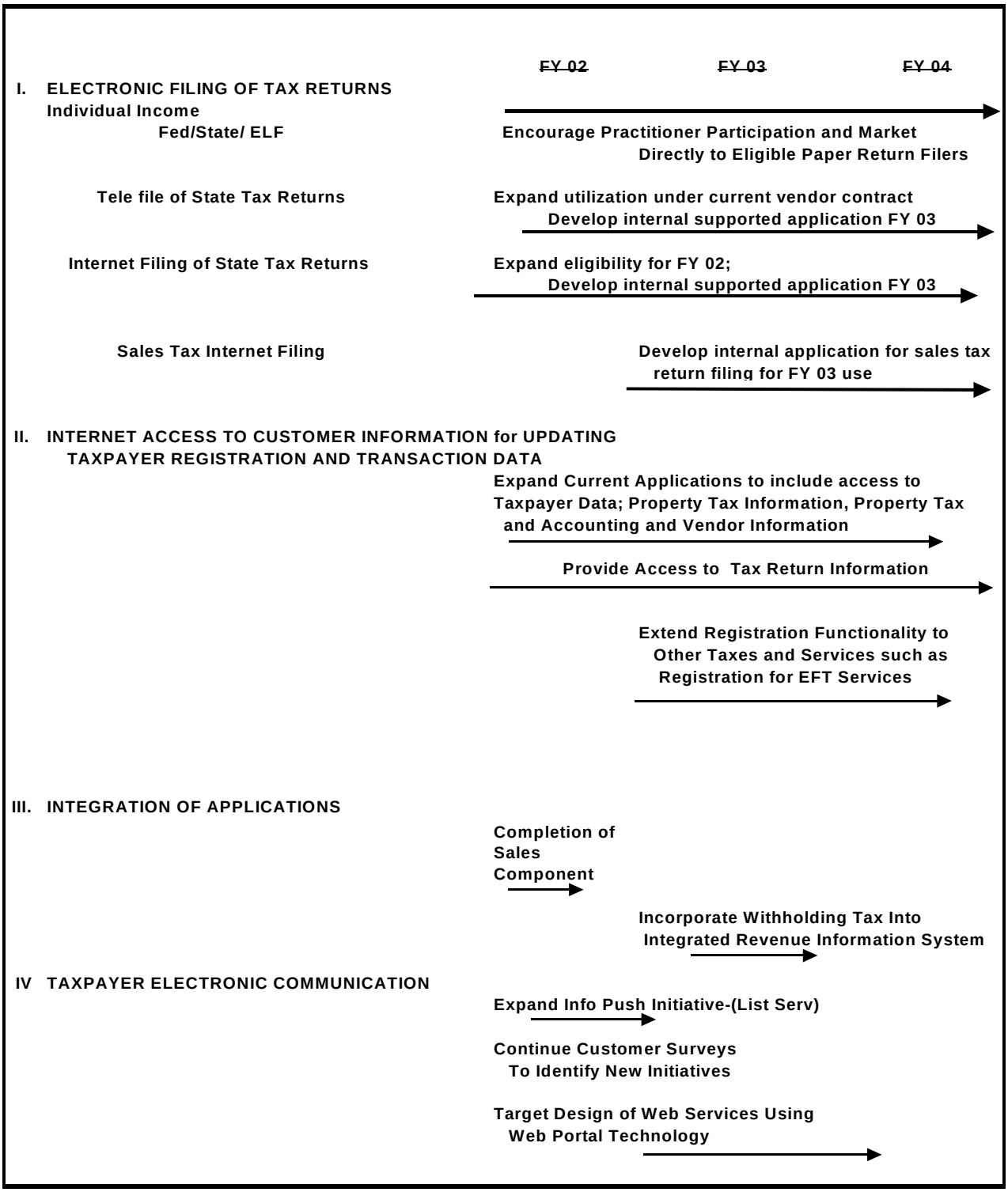
B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response: The proposal would allow the agency to extend its successful implementation of e-services which is demonstrated in the vision the agency has for ELECTRONIC TAX ADMINISTRATION (see chart next page). The areas begun in FY 01 continue to be the principal areas of focus in FY 02 and FY 03; They are:
√ Encouraging Electronic Filing of Tax Returns and Payments
√ Providing Customers with Electronic Access and Transaction Services
√ Integration of Existing Legacy Applications to Facilitate Electronic Tax Administration
√ Electronically Communicating with Customers

Due to budget challenges which the department and many state agencies are encountering for FY 02 as well as those anticipated for FY 03, the opportunity to provide these services is directly dependent on the funding requested. In addition, it appears that Pooled Technology Account funding in FY 02 will be insufficient to meet the needs of this agency. This request therefore continues the areas of emphasis outlined in prior requests and includes additional areas where investment is appropriate.

ELECTRONIC TAX ADMINISTRATION – A LOOK TO THE FUTURE



2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: It remains a fact that customers of the Iowa Department of Revenue and Finance are asking for these services. When 1,000 business customers were surveyed in 1999 it was established that 70% of our business customers wanted 24 X 7 access to their account information. This included the ability to update their profile information and have access to past payment records. These business taxpayers placed a higher priority on this access than they did on filing of transactions via the Internet.

Following the successful deployment in FY 01 of several pilot e-service applications the agency has once again learned from its customers the value of providing e-services. While a variety of lessons have been learned during the deployment of these four applications perhaps one of the most important is that if "they build it, they will come." This is demonstrated by the fact that 90 percent of the customers who have responded to the on- line surveys indicate that they agree or strongly agree with the statement "if more online applications are available, I will use them to conduct my business with the State of Iowa."

The goal of each of the initiatives is two fold; improving customer service and enhancing the efficiency of the agency operations. Customers will continue to benefit in several ways from the agency's expansion of its electronic services. First, costs for compliance are expected to be reduced whenever a return filing is automated thereby permitting taxpayer preparation in contrast to costly professional assistance. Second, taxpayers will benefit whenever information required for the successful completion of a return (ex: prior payment information or outstanding account balances) is easily available. Third, taxpayers benefit, as does the agency, when research and information required can be obtained when needed (i.e. 24 X 7) without department staff.

In addition to meeting the goal of improved customer service, these initiatives are being designed to provide the agency with improved efficiency in several areas. For example, the receipt of data electronically will allow the agency to redirect limited resources from traditional data capture activities to improved customer problem resolution. Second, on-line applications have been demonstrated to result in substantially fewer errors on returns received reducing department processing costs. Third, the use of a consolidated e-service customer service support desk will not only provide for efficiency, but will insure timely and consistent responses to taxpayer inquiries.

The FY 2003 Return on Investment funding request is aimed at identification of funding for projects in five areas:

1. Expanding Electronic Filing of Individual Income Tax Returns
2. Creating an environment which will support electronic filing of sales and other excise taxes
3. Developing interfaces between current legacy applications and Internet to encourage electronic registrations for all business taxes and electronic retrieval of information
4. Supporting access to customer information in areas of Withholding Taxes and Other Legacy Applications
5. Continue to expand push of information to customers using email and portal technology

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: The department recognizes that with over 1.4 million individuals filing income tax returns and over 100,000 businesses registered for sales and/or withholding taxes that it serves the largest and most diverse set of customers of any state agency. In addition to taxpayers, the agency provides support for all state employees and the vendors who conduct business with the state through the state's payroll and accounting systems. The department recognizes that by partnering with other enterprise support agencies (i.e. ITD and Personnel) that web-enabled access to information will improve the efficiency of operations and provide improved service to the users of these systems.

At the same time that the agency is considering expansion of services, it is important to recognize that with budget reductions occurring that the effectiveness of traditional processing, deposit, enforcement and collection services must continue to improve. Further, it is important to recognize that providing an infrastructure which will allow for the continued expansion of electronic services is critical. The request provides this support by requesting the resources necessary to complete construction of additional applications within the department's Integrated Revenue Information System (IRIS). This application will process transaction data from nearly 800,000 withholding tax returns and remittances. With the inclusion of withholding tax data into IRIS, data from the four major revenue sources will be integrated in one database thereby allowing taxpayers and application developers a single access point for electronic tax transactions.

Maintaining the security of tax return information is also a key component of the initiative. More than most government organizations, the department must insure that data is secure during transmission, while stored and when retrieved. The agency has committed substantial funds to building a secure network infrastructure that meets the IRS and state requirements. The proposal will insure the continuity of this security infrastructure as we conduct business electronically with our customers.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

Response:

A and B and C Project Skills:

The department believes the planned projects require six key organizational skills in order to be successful. With previous projects as well as the Internet initiatives being completed in FY 01 the department believes it has the knowledge and skills to continue to support the proper project management of the outlined e-services projects. These skills include:

a) Management Commitment - The department senior management has adopted Electronic Tax Administration as a key component of the agency strategic plan.

b) Customer Identification - Through the planning process that has occurred, the customer surveys mentioned previously, the lessons learned from providing current electronic services and the success and failures of projects in other state tax departments, the agency believes it has a strong understanding of what will be accepted.

c) Project Management - The agency has senior staff who have experience in managing large technology projects.

d) Technical Project Management - Technical project management for application development will be provided by senior application technical managers who are on staff.

e) Application Development and Data Base Designs - Plan includes a mix of department and consultant staff, which will be used depending on the technology.

f) Security and Hardware Design and Deployment - Current contract staff assisted by those with advanced technical experience, including ITD staff, will complete the security model and its deployment. Hardware design and installation will occur primarily with existing staff.

D Agency Project Management Expenses:

The agency has a long-standing commitment to electronic commerce as demonstrated by the emphasis placed on the joint federal/state electronic filing program, the reliance on electronic funds transfer for payments and the utilization of the web as means of information dissemination. Further, in FY 01 the agency has successfully developed and deployed four Internet applications. The applications were increasingly complex in their design and use of technology, which allowed the agency to evaluate technologies while acquiring the necessary infrastructure and security components for future rapid development.

The first two of these applications were developed to provide taxpayers and tax professionals with access to tax return information needed to file their individual and corporate income tax returns. The third application re-engineered the department's multi-tax registration and change application process. The fourth application allows taxpayers to "register" to have electronic debits made against their bank account to satisfy estimated and final income tax payment liabilities. This last application has demonstrated the capability of the agency to provide access to mainframe data and to allow the taxpayer to request transactions, which are suspended and then invoked in conjunction with email notification.

B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response:

a. and b. Project Scope and History- Project has developed from several years of planning under the auspices of the department's program of Electronic Tax Adminstration. As indicated this program has its beginnings in the "pre-internet days", with the commitment to the federal /state electronic filing program and the use of electronic funds transfers. During the late 1990's the agency recognized the potential for electronically communicating with its customers to provide basic informational services. As a result of this information distribution all tax forms (over 200) and over 60 publications are available on the department's home page. Additionally the agency recognized that by creating an integrated library of statutes, policies and rulings and making these available through a web-based search engine the department would meet a critical information need.

Also during the 1990's the agency committed to re-engineering its mainframe legacy transaction and registration processing applications into the Intergrated Revenue Information System (IRIS). Intergration of these applications has provided the department a number of benefits and improved our customer service. A result, perhaps unanticpated when the IRIS project began, was how effective the IRIS application would be in serving as centralized resource of tax return information to which web access could be provided. As a result the department's web interfaces can be targeted to a single database thereby accelerating development.

In the past year four internet applications have been completed. IDRF's current successes in e-service delivery include applications which:
a) Permit taxpayers to review past individual income payment history records to assist in the process of completing their final income tax return for the tax year.
b) Provided Corporate income taxpayers with a similar application for corporate income tax payments.
c) Allow customers to electronically register for tax permits and to change their tax registration as their business demographics change.
d) Provide individual taxpayers with the opportunity to “request” that the department periodically debit their bank account for income tax estimated and final payments. The application includes the use of EFT transaction processing and email notification of the pending and completed transactions. The application has exploited the latest in enterprise technology opportunites by providing a direct interface from the web to mainframe legacy applications thereby eliminating the need for maintenance of redundant data.

In conjunction with these applications the agency has moved to implement a department information push program using list server technology. This service will allow our customers to stay informed of new developments in the adminstration of state's tax and accounting system.

One of the important facts relating to the history of the applications is the commitment IDRF has made to using enterprise supported technology. Of critical importance here is the completion of the fourth Internet access project mentioned above; i.e the income EFT project. This application uses the income tax component of the IRIS mainframe application and the ITD supported web-development environment (Websphere application server, MQ messaging and Java coding). What the agency has learned through use of a combination of IDRF and consulting staff will permit the agency to rapidly exploite the reusable coding benefits of Java and MQ messaging to deploy additional applications. We are proud of this success, and more importantly believe that it demonstrates the benefits that can be realized by continuing to fund projects that are linked to using enterprise methodologies.

The success to date can be measured in a variety of ways but none is more important than its effect on two of the agencies most important customers; our external customers and our internal customer support providers. An illustration of the excitement these two groups share in these application is provided in the attached summary.

IDRF CUSTOMERS AND STAFF SPEAK OUT REGARDING IDRF'S E-Services

Wow. For a government website, you guys are certainly web-savvy. Thanks for making this so easy!

The application was very easy! And thanks for saving me a trip downtown!!

I received the response to my e-mail question in 24 hours and this from a government agency. I want you to know how surprised and pleased I was and this from a government agency.

Thank you for your quick and uncomplicated Iowa tax filing online. It worked smoothly and quickly; wish the federal tax would catch up

Great online assistance. Thank You.

The Combined Business Application makes it easier for us to assist our customers, Thanks

I didn't realize applying for a permit could be so EASY Thanks!

Very Convenient Way to Complete the Application! Save a Lot of Time!!

I was pleased with the online accessibility

Finally...someone made it easier for dimwits like me to understand this process. Thanks!

Great to have these types of things online - great boost to productivity and reduction of paper pushing. Thanks for the good job.

This was very informative and easy. Thanks!!

The new applications really do mean we are providing real "e-services"

I was able to call and talk to someone for the few questions I had which was very helpful and then finished the on-line application process.

It was very easy to apply for this application online instead of filing by mail where it may get lost.

I just used the on-line option to file my Iowa 2000 taxes. WOW!! That was the best tax experience I ever had...

This is my first time dealing with this type of process and the ease of getting through is greatly appreciated. Just hope I did it correctly.

The on-line process is very easy to use. I was able to complete the application quickly.

Since I am a new PC owner, and new at starting my own business. I greatly appreciate your efforts to make this

I web filed my daughter's income taxes. This is sooooooooooo cool!. A very nice improvement

as easy as possible.

Expectations: Describe the primary purpose or reason for the project.

Response: The FY 2003 projects are focused in five specific areas:

1. Expanding Electronic Filing of Individual Income - The efforts to date have had meaningful results. With three forms of electronic filing available to the income filer, the agency expects that in 2002 over 640,000 individual income tax returns will be filed electronically. The request will allow the agency to take participation from its current level (46%) of income tax returns filed electronically to the level desired - 80% of all income tax returns filed electronically by 2007.

To make this progress, the agency must redirect the way in which web and IVR based services are provided. Currently, the agency relies on a partnership with a vendor who supports that application and hosts the filing service for both web and IVR solutions. While initially cost-effective, as the agency moves to expanding its utilization of web income tax filing, service fees paid to the vendor are limiting the agency's capability of encouraging broader participation. Further, the agency recognizes that bringing the application "in-house" will permit re-use of the application logic in an internal data capture application for paper return processing.

In addition to the web filing of income tax returns, the agency will continue to encourage electronic filing through the joint federal/state electronic filing program (i.e. ELF). The utilization of the program has increased dramatically (over 400% in just 5 years to 455,000 returns filed in 2001.) While a strong marketing effort has been a key to the success of the program (along with outstanding customer service to those professionals who use the service) the next dramatic increase is going to require a more targeted marketing effort. Using funds from the FY 01 budget the agency has surveyed over 37,000 income filers who did not take advantage of our current service. This survey is expected to demonstrate that the largest area of growth in electronic filing will come from those individuals who are currently relying on tax professionals for assistance. We do not necessarily believe that these taxpayers will abandon the use of paid assistance, however, we recognize that direct marketing to these individuals can improve the rate of utilization of the ELF program. Since practitioners may incur additional expenses to offer this service, it is believed that utilization can be increased as customer demand for the service occurs.

2. Creating an environment which will support electronic filing of sales and other excise taxes - The agency is faced with the interesting challenge that while a segment of our existing business customers would like to file electronically, the majority appear primarily to be interested in direct access to information. Further the agency is actively involved in the planning for a national application targeted at Internet and catalog retailers. While a number of states have adopted the authorizing legislation, the Legislature deferred action. When enacted as expected the state will be able to partner with other states in applications to electronically receive payments and return information. This initiative known as National Sales Tax Simplification continues to be a factor in how we design the delivery of our Internet sales tax filing services. The agency anticipates implementation of this legislation and funding for Internet delivery of this service is requested.

3. Developing interfaces between current legacy applications and Internet to encourage electronic registrations for all business taxes and retrieval of information– With the success mentioned above for the interface of income payments and history records, the agency believes it understands how to efficiently develop additional interfaces to existing information. The projects include providing access to:

a) tax refund and business tax information
b) property tax data including assessment and valuation data
c) vendor payment and billing data

4. Supporting access to customer information in areas of Withholding Taxes and Other Legacy Applications- In the past several years, the department has made the effort to improve the effectiveness of tax administration by providing for a centralized and integrated information system known as IRIS. By including withholding tax into IRIS the department will have completed the migration of all major tax sources from legacy applications into this new environment.

5. Information Push - Building on efforts to “tailor” services to meet individual customer needs, the agency installed a list server to “push information.” In this proposal, we anticipate working with enterprise efforts to create a more effective web portal to allow customers to target their information access.

2. Measures: Describe the criteria that will be used to determine if the project is

successful.

Response:
Savings achieved for customer which are discussed in later sections will be measured including:

1. Reduced costs for tax return preparation
2. Reduced costs for follow-up actions (i.e billings and status of refunds)
3. Reduced costs for penalty and interest fees
4. Expanded access to information to improve understanding of tax and accounting information

Department benefits that will be measured include:

1. Improvements in effectiveness of department processing resulting from increase in electronically filed returns will allow the agency to maintain some level of satisfactory service in this time of budget reductions
2. Improved employee satisfaction as measured by department "organizational climate survey and other measurements"
3. Improved capability to deliver reliable and timely distribution of local option taxes collected for local governments
4. Reduction in certain administrative costs if postage and printing of correspondence and forms can occur as a result of electronic service delivery
5. Building an integrated information system in conjunction with development of electronic delivery methods allows the agency to migrate from existing single paper based technology to multiple technologies without adversely affecting customers

3. Environment: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: Projects will continue to emphasize partnership with ITD and other agencies as applicable. Involvement of customer groups such as tax professionals, business associations as well as the IRS and other states will continue to be a means in which participation will be fostered.

4. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: Avoiding risks in technology planning is a key component of successful project deployment. Risk avoidance can occur using skilled contract resources to address the technical issues that will arise for the first time in this area. The department has extensive experience in managing technical resources under contract and approaches the use of these resources only on an "as needed" basis. However, the department recognizes that evaluation of when to use outside resources should be made on the basis of "the value added" and not simply on cost of the service. We intend to continue to use this philosophy of partnering with the best service provider available when it adds value to the project.

5. Security / Data Integrity / Data Accuracy / Information Privacy

a. List the security requirements of the project
b. Describe how the security requirements will be integrated into the project and tested
c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response:

a) Security Requirements- Data security is a key requirement for the department. As indicated, the project consists of several initiatives and thus, a portion of the security requirements are met by a security model, which is already in place. As to other security requirements, the department has a well-recognized commitment to insuring the security of data and applications. As an example, the agency has gone to the effort to establish an independent firewall with supporting hardware and software and will soon be supporting data encryption for its WAN traffic to meet the state and federal confidentiality requirements under which the department operates. This security will be enhanced perhaps further than in most state agencies as we will install additional filters or security levels between the mainframe, the web server and the Internet. The project requests funding for completing a security model design which insures the confidentiality and integrity of the application and the data.

b) Security Integration- Applications are being created to function within state's enterprise architecture including web sphere application server using SSL security. In addition, agency is designing applications with application level authentication and validation functionality. The agency is also actively pursuing the use of security independent of application such as PKI and/or LDAP services.

c) Data Integrity- Taxpayer provided data, which is extracted from mainframe applications used for tax return processing, contain complex logic to ensure accurate information when accepted. Retrieval of data will involve processes for validation that correct taxpayer information is retrieved.

6. Project Schedule

Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response:

Project schedule includes commitments to provide:

- Electronic Filing of Income Tax Returns on Alternative Platform – Prior to January 2003
- Sales Tax Filing – Dependent on National Sales Tax Simplification Program, but anticipated to be completed by January 2003.
- Web Access Initiatives- Several will be completed during FY 2003
- Completion of Integration of Withholding Taxes into IRIS- October 2002

Additional projects including Web information and information push will continue through FY 02 and FY 03

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment

1. Software (Client Side / Server Side / Midrange / Mainframe):
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external

Response:

Software --

Mainframe -- IDMS software including ADSO and Cobol DML

Internet Application -- Websphere MQ Series Messaging and Java; also Visual InterDev and Microsoft Transaction Server

Network/Client Server -- The department has a complete inventory of all software, which consists of nearly 100 software programs. However, since the department standards are based on Microsoft's operating and application suites most of this software is special use and outside the parameters of this project.

Hardware –

Mainframe -- ITD mainframe, connectivity from desktop provided via SNA gateways with planned migration to TN 3270.
Department's mainframe applications interface to a great deal with each other, however, due to the nature of applications there are limited data interfaces with other agency applications.

Network -- 10 mg Ethernet with Frame Relay for Wide Area Network connectivity
Novell 5.0 and NT 4.0
Exchange 5.5
SQL 7.0

Dial-in access provided to selected field users using CISCO 3640

Novell Border Manager Firewall

Desktop Standard Win 95; IBM PIII is current desktop configuration

Proposed Environment

Environment described above will be augmented by acquisition of additional services from ITD

Additional licenses to expand development environment are anticpated .

Security software necessary to augment the project are unknown but anticipated. Recommendations from consulting phase will form basis for additional security software.

New applications will require interface to mainframe information system known as IRIS. Centralization of mainframe processing will thereby limit the number of interfaces required to the Internet server, data base server and mainframe.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

Response: see above

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

Response: see above

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and Bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external
   f. General parameters if specific parameters are unknown or to be determined

Response: see above

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: to be defined

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times \%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times \%\ State\ Share\right)=Annual\ \Pr orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$578,050	4	100%	$25,000	100%`	$169,513
Software	$30,000	4	100%	$2,500	100%	$10,000
Hardware	$ 25,000	3	100%	$1,500	100%	$9,833
Training	$35,500	4	100%	5,000	100%	$13,875
Facilities	$	1	%	$	%	$
Professional Services	$477,500	4	100%	$25,000	100%	144,375
ITD Services	$80,000	1	100%	Annual Cost	100%	80,000
Supplies, Maint, etc.	$	1	%	$	%	$
Other Marketing	$157,500	4	100%	$25,000	100%	$64,375
Totals	$1,383,550	-------	-------	$84,000	------	$491,971

Transfer this amount to the ROI Financial Worksheet, item “D” on page 20.

B. Funding: Enter data or provide response as requested

1. This is (pick one):
   - ☒ A Pooled Technology Fund or Reengineering Fund Request
   - ☐ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
   - ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$613,550	44%	$	%	$	%
Pooled Tech. Fund	$ 770,000	56 %	$	%	$	%
Federal Funds	$	%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$1,383,550	100%		100%		100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response: Agency has incurred majority of expenses associated with projects listed

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response: See above chart—all General funds amounts are department operating budgets

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

Response: see above chart

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: not available

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: not available

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation

Response: Estimated at $225,000, however benefits will be needed to allow the continuation of services during the current budget reductions; Savings will be committed to improving other services in areas related to Electronic Tax Administration.

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: The department has estimated that under one set of assumptions that the changes could provide economies to taxpayers which would be equal to $5.0 million. These cost savings are going to occur as the result of:
a) reductions in costs for tax return preparation particularly for income taxpayers
b)avoidance of costs associated with obtaining information from agency in non-electronic manner
c)elimination of certain business costs associated with preparation of sales tax returns.

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: Department will continue to improve the efficiency in which deposits and payments are completed; Result is expected to be positive impact on general fund. Without funding department may not be able to participate in Streamlined Sales tax project which would preclude the state from collecting millions of dollars from Internet sales and catalogue retailers.

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: $5,250,000

7. Total Annual Project Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response: $491,846

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: 10.6 to 1

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response: 615%

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response:
10-Major Agency continues to participate in enterprise application development helping to build consensus around use of enterprise wide architecture
10-Security expertise and concerns of agency are available for design of enterprise applications
9-Large customer base participates in 100% E initiatives thus fostering use and understanding of state's Internet initiatives among state's taxpayers. This understanding will directly lead to increased support for state's efforts to reconnect Iowans to their government
10-Agency has made commitment to moving to e-service model and thus further utilization of this model will continue to provide staff with recognition that modern technologies are available for use within state employment

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	Not available
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$
State Government Benefit (= A-B):	$ not available
Annual Benefit Summary	
State Government Benefit:	$ $250,000
Citizen Benefit:	$ $5,000,000
Opportunity Value or Risk/Loss Avoidance Benefit:	$
C. Total Annual Project Benefit:	$ $5,250,000
D. Annual Prorated Cost (SECTION IV-A):	$491,971
Benefit / Cost Ratio: (C / D) =	10.6 to1
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	615 **%**
☒ **Benefits Not Readily Quantifiable**	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document		Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2.	Will the project improve customer service? **Location: Section I-B.2**	**15**
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10.	What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
	Total	**100**